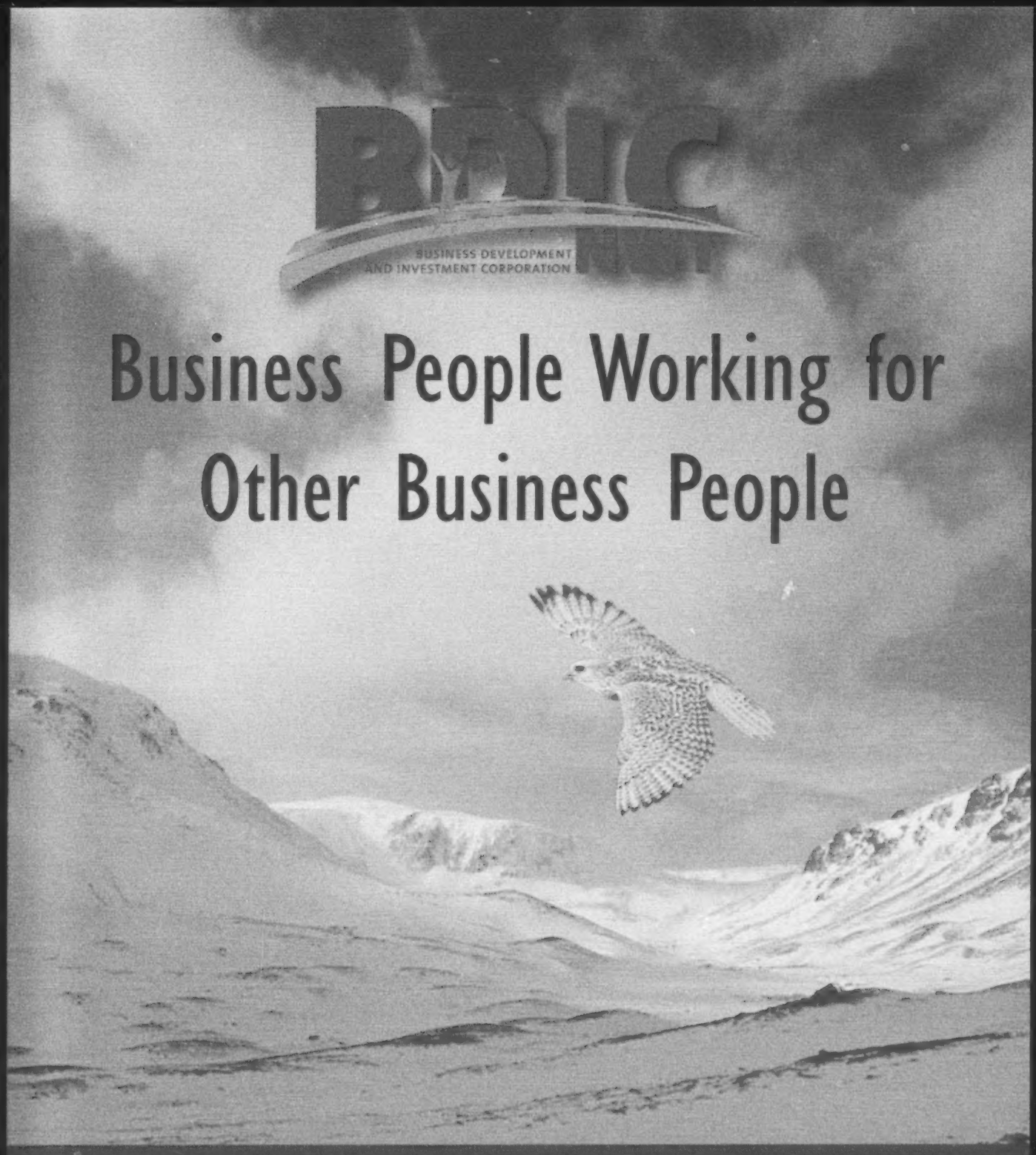

Business People Working for Other Business People

Corporate Plan 2009-2010

Supporting the Economic Objectives of the Government of the Northwest Territories

Northwest Territories Business Development and Investment Corporation

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Introduction

The Northwest Territories Business Development and Investment Corporation (BDIC) was established on April 1, 2005 and is now entering its fifth year of operations. The BDIC Act mandates the BDIC to:

> *... support the economic objectives of the Government of the Northwest Territories in a manner that benefits the people and the economy of the Northwest Territories by*
>
> *a. encouraging the creation and development of business enterprises;*
>
> *b. providing financial assistance to business enterprises, either on its own or as a complement to private sector or other financing;*
>
> *c. directly investing in business enterprises; and*
>
> *d. providing information to business enterprises and members of the public respecting*
>
> *i. the establishment and operation of businesses, and*
>
> *ii. other business matters.*

The establishment of the BDIC streamlines and improves the coordination of the GNWT's business assistance programs, allowing for more flexibility in the delivery of programs and a broader range of services, including business information services.

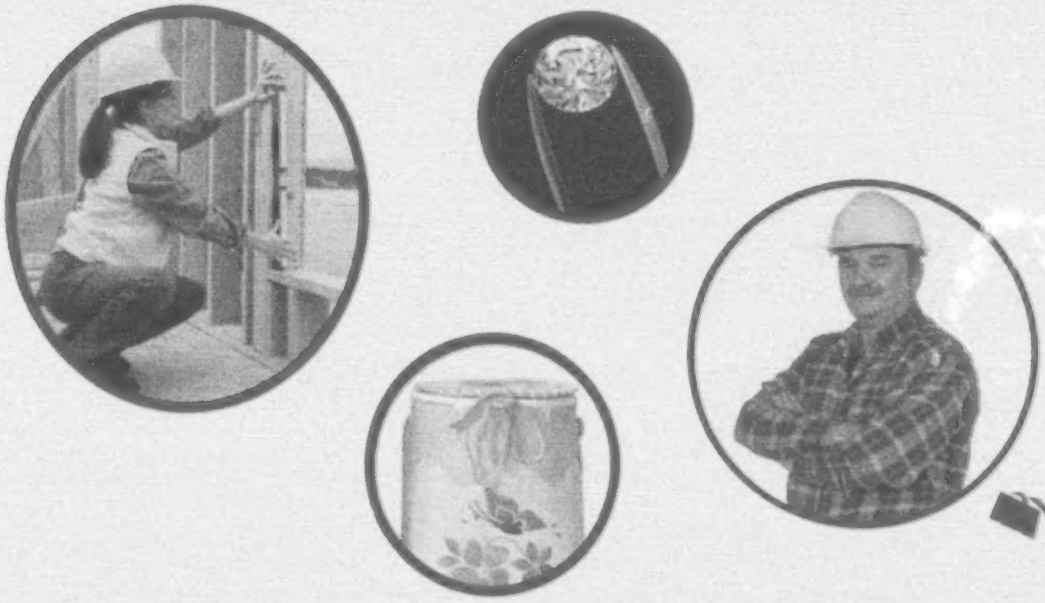
Vision

The BDIC is a recognized leader in the NWT's regional economic development and the growth of a dynamic small and mid-sized business sector.

Mission

We are business people working for other business people – providing across all NWT communities access to business financing, business support services and business development assistance.

We proactively bring stakeholders together to enhance business capacity, sustain self sufficiency and increase community prosperity.



BDIC Programs

The BDIC Act enables the BDIC to be flexible in developing and delivering business programs to meet its mandate and fulfill its vision and mission. The BDIC's programs and services are available to any new or existing business in the Northwest Territories.

The BDIC currently offers a variety of financial programs and business services to its clients.

Financial Programs

Credit Facilities

The Credit Facilities program is a debt financing program. The BDIC lends to northern businesses where conventional lending institutions are not prepared to participate and also lends to businesses in communities where commercial banks are not operating. The terms can be flexible to meet the needs of individual clients.

The BDIC also provides Standby Letters of Credit for contract security and to support businesses in obtaining credit from their suppliers.

In 2008/2009, the BDIC's Credit Facilities program portfolio was approximately $40 million.

Venture Investments

The BDIC's Venture Investment program is an equity financing program, providing patient capital to enhance clients' ongoing stake in a business or project. The BDIC invests in return for preferred shares. The client pays dividends to the BDIC and buys back the preferred shares from the BDIC over time.

Funding from the Venture Investment program is tied to the number of jobs to be created and maintained by the business.

In 2008/2009, the BDIC's Venture Investment program portfolio was approximately $1.8 million.

Contributions

The BDIC offers contributions for start-up and expansion projects including feasibility assessments, development of new products, preparation of marketing and business plans and pilot projects. Contributions are small amounts of funding which the client need not repay.

In 2008/2009, the BDIC approved approximately $100,000 in contribution funding.

Subsidiary Companies

The BDIC owns subsidiary companies and provides them with operating funds or capital funds for new facilities or equipment. This funding is provided so the subsidiary can create and maintain employment within the community. Where necessary, the BDIC also provides a range of support services to its subsidiaries including accounting, marketing, and general operational support. Several of the BDIC's subsidiaries promote traditional fine arts and crafts activities and the use of traditional materials, which supports the local economy.

Funding from the Subsidiary program is tied to the number of jobs to be created and maintained by the business.

In 2008/2009, the BDIC had six operating subsidiaries, which maintained the equivalent of 20 full-time positions in Gamètì, Fort Liard, Fort McPherson, Fort Providence, Nahanni Butte and Yellowknife. A new subsidiary, 5983 NWT Ltd. based in Ulukhaktok, is being made operational. The BDIC's Subsidiary program investment has been approximately $4.2 million.

Funding Available

The funding available from the BDIC differs by program, as follows:

Credit Facilities Program

- A maximum of $2 million in combined loan and venture investment funding is available to a business or group of related businesses.
- Funding over this limit is available with Financial Management Board approval.

Venture Investment Program

- A maximum of $100,000 per job created or maintained is available as an initial investment.
- A maximum of $250,000 or 25% of the amount initially invested, whichever is lower, is available as a subsequent investment in the same business enterprise.
- A maximum of $2 million in combined venture investment and loan funding is available to a business or group of related businesses.
- Funding over these limits is available with Financial Management Board approval.

Contribution Program

- A lifetime maximum of $10,000 is available per business.

Subsidiary Program

- A maximum of $100,000 per job created or maintained is available as an initial investment.
- A maximum of $25,000 per job created or maintained is available as an annual operating subsidy.
- A maximum of $250,000 or 25% of the amount initially invested, whichever is lower, is available as a subsequent investment in the same business enterprise.
- Funding over these limits is available with Financial Management Board approval.

Business Support Services

The BDIC provides a range of business services to support new and existing clients through Canada Business NWT, which offers access to the internet, computer workstations and other office equipment, a lending library, research services, and a regular series of video-conferencing sessions on topics of interest to entrepreneurs.

Canada Business NWT is housed by the BDIC and operated in partnership with Industry Canada. Its mission is to contribute to economic growth by ensuring that business people in every part of the NWT have access to accurate, timely and relevant business information through a convenient single window. It provides a wide range of information on small business programs, services and regulations to the public.

Publications and other information sources are available to northern communities through the Canada Business NWT website (www.cbsc.org/nwt). Canada Business NWT also arranges with other organizations, such as Community Futures Development Corporations, to set up access points in NWT communities. Access points consist of a computer with internet access and hard copies of documents from the Centre's library of business-related publications. There is at least one access point in each region of the NWT.

In 2008/2009, Canada Business NWT served over 230 clients and its website received over 39,000 internet visits. Canada Business NWT also hosted over 50 business information seminars that attracted more than 100 participants.

CANADA BUSINESS NWT

Achievements in 2008/2009

In 2008/2009, the BDIC focused on:

- Enhancing programming to meet clients' needs.
- Increasing stakeholders' awareness of the BDIC's programs.
- Ensuring that the BDIC's programs have a direct impact at the community level.
- Ensuring that the BDIC's programs are managed effectively.

Meeting Clients' Needs

Objectives included modifying the BDIC's contribution programs and implementing a web-based application form.

Results

- The BDIC's new online application form has been posted on the BDIC website.
- Modifications to the contribution programs are pending further discussion between the BDIC Board and the Minister.

Enhancing Stakeholder Awareness

Objectives included creating a more client-focused website, publicizing the BDIC's programs at trade shows and conferences, increasing stakeholder awareness at the community level and co-hosting the 2008 Northern Economic Development Practitioners (NEDP) Conference.

Results

- The BDIC's new website is online.
- The BDIC gave two workshops on financing for small businesses at the 2008 Aboriginal Business Conference.
- The BDIC participated in the 2008 Inuvik Petroleum Show and Opportunities North 2008 in Whitehorse, Yukon.
- During Small Business Week the BDIC:
  - Held three video-conference sessions.
  - Gave presentations on small business bookkeeping and financing for small businesses.
  - Participated in the Small Business Fair.

- BDIC staff made presentations and met with community leadership in Fort Simpson, Norman Wells, Fort McPherson, and Inuvik. A presentation was also made to participants in the New Canadian and Multicultural Program at the Centre for Northern Families.
- The 2008 NEDP Conference took place in early December on the theme "building northern capacity". Over 100 participants from across the NWT attended, benefiting from an energizing keynote speech by Mr. Jim Bottomley on Future Success Strategies for the NWT, 24 presentations by various government and industry representatives, a full day workshop on lending and insolvency, and an address by the Honourable Bob McLeod, Minister Responsible for the BDIC. Participant feedback showed a high degree of satisfaction with the conference, ranking the keynote speaker 4.5 out of 5 and the panel presentations and workshop 4 out of 5.

Community Level Impact

The objective was to establish a new BDIC subsidiary.

Results

- No applications were received for the subsidiary program.
- The BDIC has identified a potential subsidiary program applicant in the Inuvik region.

Managing Programs Effectively

Objectives included implementing a loan management system, revising the subsidiary and contribution program guidelines and developing a risk management framework for the BDIC.

Results

- The Exceptional Assistant (TEA), a loan management system, is in place.
- The initial risk management framework for the BDIC is complete.

Minister's Direction

Summary of the Minister's September 25, 2008 Directive on specific priorities for the BDIC:

- Key roles of the BDIC are to provide centralized financial services for businesses and to establish processes to control, monitor, evaluate and report on those financial services.
- The current economic situation will require flexibility in lending and loan management approaches to support the BDIC's developmental mandate.
- The BDIC should be receptive to using its financial programs other than the loans program where the client's circumstances warrant.
- The aim is to have BDIC programs actively supporting economic development in every community in the Northwest Territories.
- The BDIC should, in consultation with Industry, Tourism and Investment (ITI), review its existing contribution program in light of the newly-established Support for Entrepreneurship and Economic Development (SEED) program to clarify whether or not the two programs have sufficiently distinct purposes to warrant separate programs.
- Work closely with ITI as the delivery agent for the BDIC loan program.

Objectives for 2009/2010

Supporting the GNWT's Economic Objectives

The BDIC supports the economic objectives of the Government of the Northwest Territories. The 16th Legislative Assembly has established the following goal for the territorial economy:

A diversified economy that provides all communities and regions with opportunities and choices.

In support of this goal, the Legislative Assembly has identified four priorities:

- Promote development that reduces regional and community disparities.
- Work with regional business corporations and other partners to identify new economic opportunities.
- Support the development of sustainable local economies through small businesses and community-based sectors such as tourism, agriculture, arts and crafts, and the traditional economy.
- Build community human resource capacity with an emphasis on trades and entrepreneurial skills.

Responding to the Minister's Direction

As a result of the direction received from the Minister, the BDIC Board has directed the Corporation to:

- Focus on providing centralized business financial services by controlling, monitoring, evaluating and reporting on loans, ventures and subsidiaries.
- Actively promote and support economic development in every community in the Northwest Territories.
- Use flexible lending practices and file management approaches in response to the current economic situation.
- Continue to support developmental lending where appropriate.
- Encourage the use of other BDIC financial and non-financial programs where circumstances warrant.

The BDIC's Objectives for 2009/2010

The BDIC has established nine objectives for 2009/2010 that directly support the GNWT's economic goals and priorities and reflect the Minister's and Board's direction for the BDIC.

GNWT Goal:

A diversified economy that provides all communities and regions with opportunities and choices.

GNWT Priority:

Promote development that reduces regional and community disparities.

BDIC Objectives 2009/2010:

- Promote the BDIC's programs in regions with fewer active BDIC clients.
- Work towards a new BDIC subsidiary in a Level III community.

GNWT Priority:

Work with regional business corporations and other partners to identify new economic opportunities.

BDIC Objective 2009/2010:

- Establish a new economic development initiative in at least three communities currently without an active BDIC client.

GNWT Priority:

Support the development of sustainable local economies through small business and community based sectors such as tourism, agriculture, arts and crafts, and the traditional economy.

BDIC Objectives 2009/2010:

- Introduce new credit facility products to complement the BDIC's existing programs.
- Review the Venture Investment program.
- Develop and implement an award program to recognize successful BDIC clients.
- Host a two-day conference for BDIC delivery agents and staff.

GNWT Priority:

Build community human resource capacity with an emphasis on trades and entrepreneurial skills.

BDIC Objectives 2009/2010:

- Build business and entrepreneurial capacity in communities through partnerships with other institutions.
- Host a two-day training conference for the General Managers and senior staff of BDIC subsidiaries.

Budget Summary

The BDIC's budget is divided into two separate sets of funds: the Contribution Fund and the Loan and Investment Fund.

The Contribution Fund receives funding from the annual GNWT contribution and through internal sources. Money in this fund is used for:

- Annual subsidy payments to BDIC subsidiaries.
- Capital investments in BDIC subsidiaries (either to establish new subsidiaries or for capital improvements required to maintain existing subsidiaries).
- Contributions to northern businesses for start-up or expansion projects.
- The BDIC's operating expenses, which include the costs associated with the delivery of all financial programs, including loans and venture investments, and business services programs and the provision of accounting, marketing, and operational support to the BDIC's subsidiary companies.

The Loan and Investment Fund is funded internally through repayments from clients or through borrowing from the GNWT. Money in this fund provides credit to and equity investment in northern businesses through the BDIC's Credit Facilities and Venture Investment programs.

The budget for each set of funds is presented separately to provide transparency, facilitate control and enhance accountability.

Contribution Fund

The Contribution Fund provides funding to four separate funds:

- The Subsidy Fund provides the approved subsidies and contributions to the subsidiaries and businesses.
- The Capital Fund provides start-up costs to new subsidiaries.
- The Capital Reserve Fund provides financial assistance for capital repairs to existing subsidiaries. The equivalent of 10% of the financial assistance provided within the Capital Fund will be allocated from the GNWT's contribution.
- The General Operating Fund receives the contribution from the BDIC's sole shareholder, the GNWT, and the interest generated through the BDIC's participation in the GNWT's investment pool. Operating expenses incurred to provide the BDIC's business services programs and to support the BDIC's financial programs come out of this fund.

The BDIC forecasts a contribution of $3.499 million for operations in the 2009/2010 fiscal year from the GNWT. Of this amount, $910,000

will be allocated to the subsidiaries and business development contributions and the balance of $2.589 million will be allocated to the General Operating Fund for operations. In addition, the BDIC forecasts interest income of $215,000 that will be allocated to the General Operating Fund for a total of $2.804 million. Support for the core services to subsidiaries provided by BDIC employees comes from the General Operating Fund.

Loan and Investment Fund

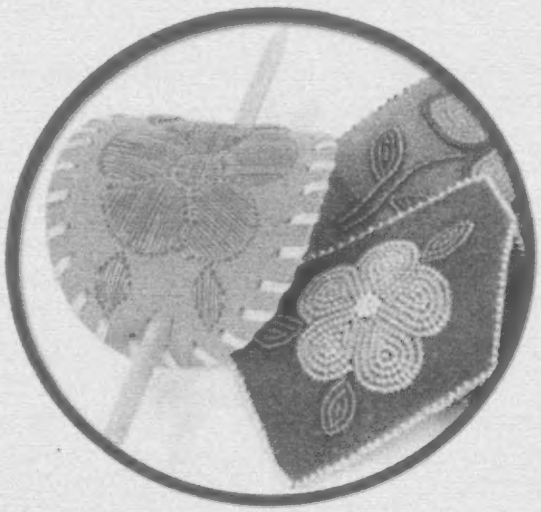
Under its Act, the BDIC is required to establish a Loan and Investment Fund. This Fund is a source of cash for two of BDIC's financial programs, credit facilities and venture investments. Each financial program has its own fund:

- The Venture Investment Fund provides equity investment assistance to new and existing venture clients. Payments received are used for investment purposes.
- The Loan Fund provides loan capital to existing and new loan clients. Payments received are used for lending purposes.

Disbursements for loans and venture investments are issued from, and repayments from clients are deposited into, the respective funds.

If there is insufficient money available for lending or investment purposes, the BDIC can borrow up to $150 million from the GNWT subject to the borrowing limit set by the Financial Management Board (FMB). The current limit is $45 million. At the end of March 2009 the outstanding borrowed balance is expected to be $27.5 million. The BDIC will repay, net of borrowing, over $2.7 million to the GNWT during 2008/2009.

Interest charged to the BDIC by the GNWT on the outstanding balance is equivalent to the GNWT's long-term borrowing rate.



2009/2010 Budget

Exhibit 1 - Contribution Fund Budget Summary ($000)
2010 Fiscal Year

	Subsidy Fund	Capital Fund	Capital Reserve Fund	General Operating Fund
Opening Balance	1,149	1,434	39	3,226
Sources of Cash	800	100	133	2,804
Uses of Cash	1,279	400	80	2,675
Closing Balance	670	1,134	92	3,355

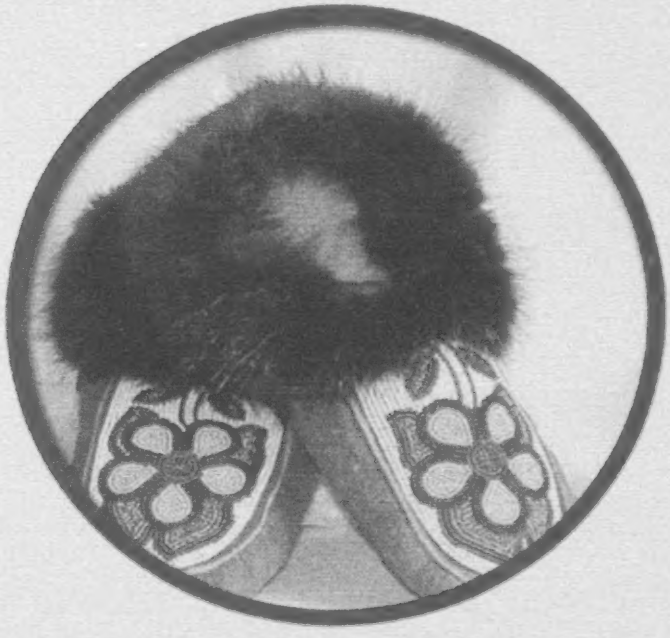


Exhibit 2 - Subsidy Fund Budget ($000)
2010 Fiscal Year

	Budgeted 2010	Budgeted 2009	Projected 2009
Opening Balance	1,149	1,364	1,329
Sources of Cash:			
GNWT Contribution	800	500	500
Sub-Total	800	500	500
Uses of Cash:			
Contributions:			
Business Development Projects (1)	200	200	110
Subsidiaries (2):			
5983 NWT Ltd.	229	129	-
Acho Dene Native Crafts Ltd.	125	125	85
Arctic Canada Trading Co. Ltd.	50	50	-
Dene Fur Clouds Ltd.	200	200	200
913044 NWT Ltd.	100	70	70
Nahanni Butte General Store Ltd.	125	125	100
Rae Lakes General Store Ltd.	150	115	115
New Subsidiary	100	100	-
Sub-Total	1,279	1,114	680
Closing Balance	670	750	1,149

Notes to the Subsidy Fund:

The BDIC may, for each job directly or indirectly created in a project or subsidiary, pay from the Subsidy Fund to a subsidiary or for the benefit of a project, a subsidy for operating costs each fiscal year in an amount not exceeding the prescribed maximum of $25,000 per direct job for the project or in an amount greater than the prescribed maximum for a project or subsidiary with the approval of the FMB.

A direct job is one where the job is created within a subsidiary as a result of its economic activities. One job is equivalent to one person-year and each person-year will equal to 1,725 hours of work per year (positions can be aggregated to calculate this number). Payroll records are the primary source of information when calculating direct jobs. The following table shows the direct jobs created by each subsidiary in 2008/2009.

Subsidiary	Jobs Created
5983 NWT Ltd.	0
Acho Dene Native Crafts Ltd.	2.5
Arctic Canada Trading Co. Ltd.	0
Dene Fur Clouds Ltd.	4.5
913044 NWT Ltd.	5.5
Nahanni Butte General Store Ltd.	2
Rae Lakes General Store Ltd.	6.5

1. Business Development Projects are contributions used for feasibility assessments, project start-ups, research projects and occasionally short-term projects that create employment opportunities. Some approvals may require events or deliverables to occur before funds are released. Where fiscal years are traversed due to these requirements, the funding commitment follows to the new fiscal year.
2. Subsidies are approved up to a maximum and distribution is based on need. Unused approvals are decommitted, pooled and carried forward to the next year for the benefit of the Subsidy Fund. Four of the subsidiaries, Acho Dene Native Crafts Ltd., Arctic Canada Trading Co. Ltd., Dene Fur Clouds Ltd., and Nahanni Butte General Store Ltd. will draw a subsidy larger than the prescribed maximum.

Exhibit 3 - Capital Fund Budget ($000)
2010 Fiscal Year

	Budgeted 2010	Budgeted 2009	Projected 2009
Opening Balance	1,434	1,184	1,184
Sources of Cash:			
GNWT Contribution	100	250	250
Sub-Total	100	250	250
Uses of Cash:			
Subsidiaries (1):			
5983 NWT Ltd.	200	200	-
New Subsidiary	200	200	-
Sub-Total	400	400	0
Closing Balance	1,134	1,034	1,434

Notes to the Capital Fund:

The BDIC may, for each job directly or indirectly created in a project or subsidiary, pay from the Capital Fund to a subsidiary or for the benefit of a project an initial investment in an amount not exceeding the prescribed maximum of $100,000 per direct job or in an amount greater than the prescribed maximum for the project or subsidiary with the approval of the FMB.

1. Capital investments are approved up to a maximum and distributed based on need. Unused approvals are de-committed, pooled and carried forward to the next year in the Capital Fund.

Exhibit 4 - Capital Reserve Fund Budget ($000)
2010 Fiscal Year

	Budgeted 2010	Budgeted 2009	Projected 2009
Opening Balance	39	162	162
Sources of Cash:			
GNWT Contribution	10	40	-
Rae Lakes General Store Ltd.	123	150	27
Sub-Total	133	190	27
Uses of Cash:			
Nahanni Butte General Store Ltd.	50	40	-
Rae Lakes General Store Ltd. (1)	30	210	150
Sub-Total	80	250	150
Closing Balance	92	102	39

Notes to the Capital Reserve Fund:

1. A short-term loan of $150,000 provided to the Rae Lakes General Store Ltd. in 2008/2009 is expected to be repaid in full in 2009/2010.

Exhibit 5 - General Operating Fund Budget ($000)
2010 Fiscal Year

	Budgeted 2010	Budgeted 2009	Projected 2009
Opening Balance	3,226	2,193	2,582
Sources of Cash:			
GNWT Contribution	2,589	2,709	2,749
Interest	215	340	250
Sub-Total	2,804	3,049	2,999
Uses of Cash:			
Operation Expenditures			
Advertising	75	55	65
Board expenses	95	95	90
Computers	65	66	61
Office	80	80	76
Purchased services	150	220	55
Telephone & communications	20	32	15
Travel	95	108	68
Salaries & benefits	2,095	2,053	1,925
Sub-Total	2,675	2,709	2,355
Closing Balance	3,355	2,533	3,226

Exhibit 6 - Loans and Investment Fund Budget Summary ($000)
2010 Fiscal Year

	Venture Investment Fund	Loan Fund
Opening Balance	4,103	1,225
Sources of Cash	9	5,835
Uses of Cash	500	6,900
Closing Balance	3,612	160

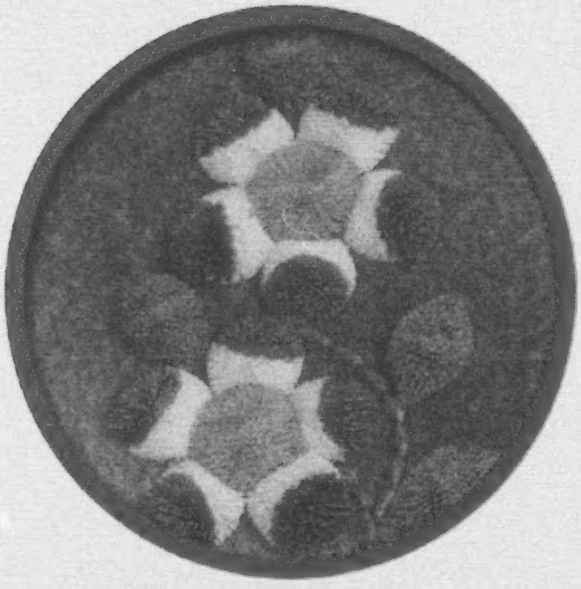


Exhibit 7 - Venture Investment Fund Budget ($000)
2010 Fiscal Year

	Budgeted 2010	Budgeted 2009	Projected 2009
Opening Balance	4,103	4,097	4,090
Sources of Cash:			
Dividends	9	10	13
Redemptions and other interest	-	-	-
Sub-Total	9	10	13
Uses of Cash:			
Venture Investments	500	300	-
Sub-Total	500	300	0
Closing Balance	3,612	3,807	4,103

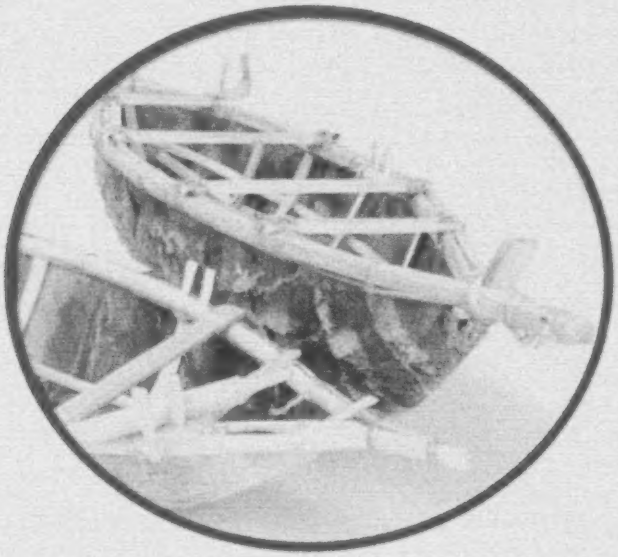


Exhibit 8 - Loan Fund Budget ($000)
2010 Fiscal Year

	Budgeted 2010	Budgeted 2009	Projected 2009
Opening Balance	1,225	430	428
Sources of Cash:			
Repayments received	5,300	5,100	6,998
Interest income	35	46	49
Borrowed from the GNWT (net)	500	400	-
Sub-Total	5,835	5,546	7,047
Uses of Cash:			
Loans disbursed	6,900	5,500	3,550
Repayment to the GNWT (net)	-	-	2,700
Sub-Total	6,900	5,500	6,250
Closing Balance	160	476	1,225

Appendix 1

BDIC Program Activity by Community in 2008/2009

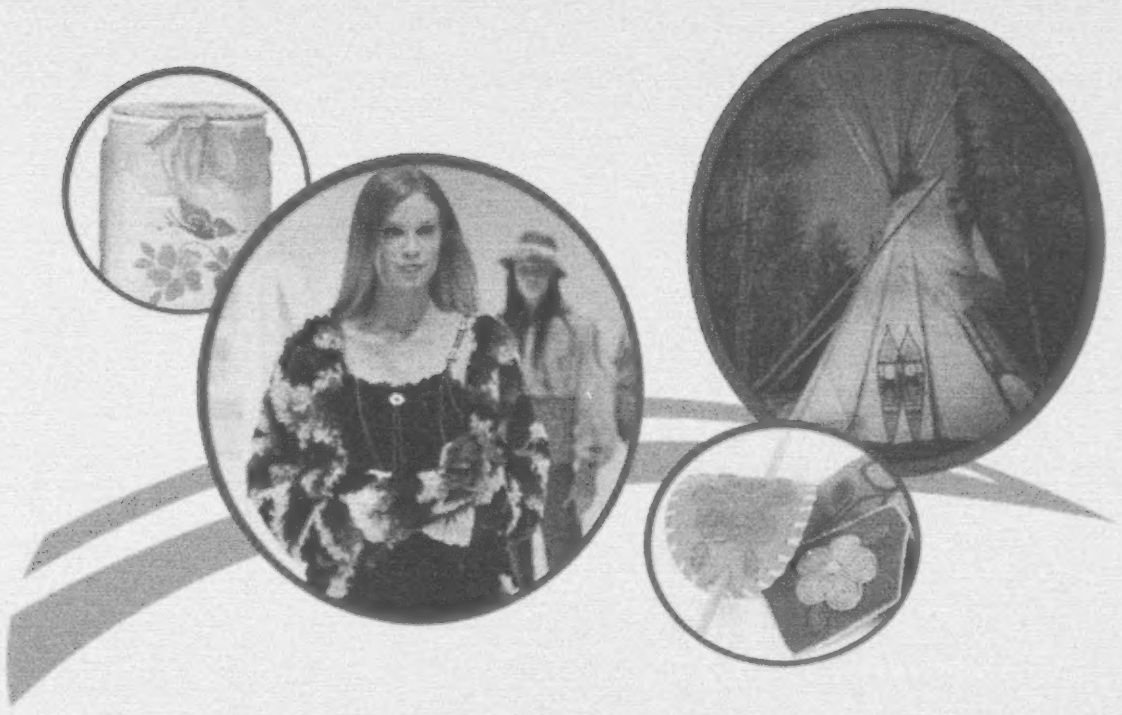
Community	BDIC Programs			
	Loan or Venture Investment[1]	Subsidiary[1]	Contribution[2]	CBNWT RAP[3]
Aklavik				
Behchokǫ̀				✓
Colville Lake				
Déline	✓			
Dettah				
Enterprise	✓			
Fort Good Hope	✓			
Fort Liard	✓	✓		
Fort McPherson	✓	✓		
Fort Providence	✓	✓		
Fort Resolution	✓			
Fort Simpson	✓			✓
Fort Smith	✓			✓
Gamètì		✓		
Hay River	✓		✓	✓
Hay River Reserve	✓			
Inuvik	✓		✓	✓

Community	BDIC Programs			
	Loan or Venture Investment[1]	Subsidiary[1]	Contribution[2]	CBNWT RAP[3]
Jean Marie River	✓			
Kakisa				
Lutselk'e	✓			
Nahanni Butte		✓		
Norman Wells	✓			✓
Paulatuk	✓			
Sachs Harbour				
Trout Lake				
Tsiigehtchic				
Tuktoyaktuk	✓			
Tulita	✓			
Ulukhaktok	✓	✓		
Wekweètì	✓			
Whatì	✓			
Wrigley	✓		✓	
Yellowknife[4]	✓	✓	✓	✓

1. Loans, venture investments and subsidiaries are files that are or were open in 2008/2009.
2. Contributions are files that were approved in 2008/2009.
3. CBNWT Regional Access Partners (RAPs)
4. Yellowknife includes N'dilo.

Notes

Northwest Territories Business Development and Investment Corporation



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